



Climate Risk and Early Warning Systems Trust Fund

Financial Report

Prepared by the Trustee

As of September 30, 2017



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Introduction

The Climate Risk and Early Warning Systems (CREWS) Initiative was officially launched at the 21st session of the UN Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP21) in Paris, France as part of the Solutions Agenda. It aims to strengthen and increase the capacity for Multi-Hazards Early Warning Systems, to generate and communicate effective impact-based early warnings and risk information for hazardous hydro-meteorological and climate events to protect lives, livelihoods, and property in Least Developed Countries (LDCs) and Small Islands Developing States (SIDS).

The CREWS Trust Fund was established in September 2016. This report covers the financial status of the CREWS Trust Fund, and is produced by the Trustee in accordance with the Trustee's role in the CREWS Governance Document, as set forth under Section 18, which states:

“The Trustee will provide to the Steering Committee regular reports on the financial status of the CREWS Trust Fund.”

In addition, Section 8 of the Standard Provisions in the Contribution Agreement/Arrangement states, as follows:

“The Trustee shall maintain separate records and ledger accounts in respect of the funds in the Trust Fund and transfers made therefrom. The Trustee shall report to the Steering Committee annually unless otherwise agreed between the Trustee and the Steering Committee, on the financial status of the Trust Fund, including information on status of Contributions, investment income, commitments, transfers and funds available for allocation by the Steering Committee.”



CREWS Trust Fund Financial Summary as of September 30, 2017

Pledges and Contributions:

A pledge represents a contributor's expression of intent to make a contribution. Pledges are converted to Contributions by way of a countersigned Contribution Agreement/Arrangement.

As of September 30, 2017, contributions to the CREWS Trust Fund totaled US\$ 22.21 million. Of this amount, US\$ 17.63 million has been deposited into the CREWS Trust Fund.

Investment Income:

As of September 30, 2017, the CREWS Trust Fund earned investment income of approximately USD 0.12 million on the liquid balances of the Trust Fund. The CREWS Trust Fund portfolio has returned approximately 1.07% during calendar year 2017. The CREWS Trust Fund balance is allocated to a short term fixed income portfolio.

Funding Approvals:

As of September 30, 2017, the CREWS Steering Committee had approved funding from the CREWS Trust Fund totaling USD 15.60 million to cover projects and fees as well as administrative budgets to support the activities of the CREWS Secretariat and Trustee.

Cash Transfers:

The Trustee has transferred a total of USD 14.54 million up to September 30, 2017, including USD 11.92 million related to projects.

Funds Held in Trust:

Funds Held in Trust¹ reflect contributions paid-in from contributors and investment income earned, less cash transfers. Funds Held in Trust as of September 30, 2017 amounted to US\$ 3.21 million.

Funds Available for CREWS Steering Committee Funding Decisions:

Funds available to support CREWS Steering Committee funding decisions amounted to USD 2.15 million as of September 30, 2017.

¹ Funds Held in Trust represents balance of cash, investments and unencashed promissory notes (if any) as of the reporting date.



1. CREWS Trust Fund Summary – Inception through September 30, 2017

In USD millions

| | Total | % of Total |
|---|---------------------|----------------------|
| <u>Donor Pledges and Contributions</u> | | |
| Contributions | 22.21 | 100.0% |
| Pledges | - | 0.0% |
| Total Pledges and Contributions | <u>22.21</u> | <u>100.0%</u> |

| | | |
|--|---------------------|----------------------|
| <u>Cumulative Resources</u> | | |
| <u>Resources received</u> | | |
| Cash Receipts | 17.63 | 79.0% |
| Investment Income earned | 0.12 | 0.5% |
| Total Resources Received | <u>17.75</u> | <u>79.5%</u> |
| <u>Resources not yet received</u> | | |
| Contributions not yet received | 4.58 | 20.5% |
| Pledges | - | 0.0% |
| Total resources not yet received | 4.58 | 20.5% |
| Total Potential Resources (A) (in USD millions) | <u>22.33</u> | <u>100.0%</u> |

| | | |
|---|---------------------|----------------------|
| <u>Cumulative Funding Decisions</u> | | |
| Projects | 12.62 | 80.9% |
| Fees | 1.56 | 10.0% |
| Administrative Budget | 1.43 | 9.2% |
| Total Funding Decisions Net of Cancellations (B) | <u>15.60</u> | <u>100.0%</u> |
| Total Potential Resources Net of Funding Decisions (A) - (B) | <u>6.73</u> | |

| | | |
|--|--------------------|--|
| <u>Funds Available</u> | | |
| Funds Held in Trust with no restrictions | 3.21 | |
| Approved Amounts Pending Cash Transfers | 1.06 | |
| Total Funds Available to Support Steering Committee Decisions | <u>2.15</u> | |

Note: sub-totals may not add up to due to rounding



2. Pledges and Contributions as of September 30, 2017

In millions

| <u>Contributor</u> | <u>Curr</u> | <u>Pledge in Currency of Contribution</u> | <u>Effective (or signed) Contribution</u> | <u>Receipts in Currency of Contribution</u> | <u>Receipts in USDeq. a/</u> |
|-------------------------------------|-------------|---|---|---|----------------------------------|
| Australia | AUD | 5.00 | 5.00 | 2.00 | 1.53 |
| France | EUR | 10.00 | 10.00 | 10.00 | 10.79 |
| Germany | EUR | 3.00 | 3.00 | 3.00 | 3.13 |
| Luxembourg | EUR | 1.00 | 1.00 | 1.00 | 1.07 |
| Netherlands | USD | 3.35 | 3.35 | 1.13 | 1.13 |
| Total Contributions Received | | | | | 17.63 |

a/ Represents actual USD receipts

Note: totals may not add up due to rounding

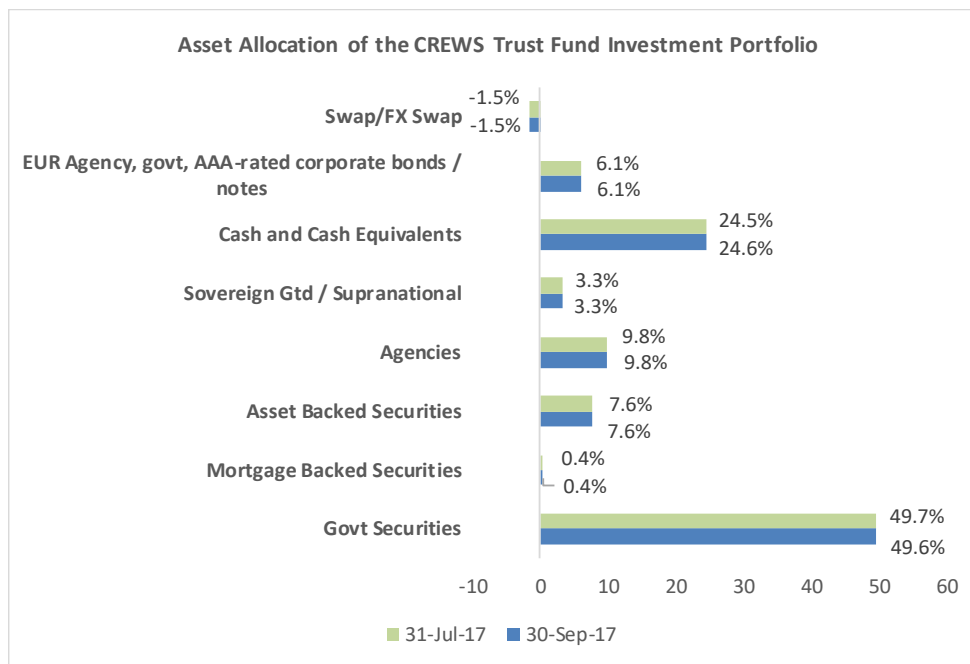


3. Asset Mix and Investment Income

ASSET MIX

Funds held in trust by the World Bank (as the Trustee) are maintained in a commingled investment portfolio (the “Pool”) for all trust funds administered by the World Bank. On July 1, 2015, the World Bank formally adopted the Conditional Value-at-Risk (CVaR) measure as the risk constraint in the management of trust funds. Funds are managed such that the expected maximum loss, as measured by the CVaR, at the portfolio’s investment horizon, is not to exceed 1% with 99% confidence.

The portfolio allocation by asset class has the largest allocations to government securities and money market instruments.



Note: The negative position in swaps is primarily due to changes in foreign currency exchange (FX) rates in cross currency basis swaps. Such swap instruments are used to implement currency hedges on bond positions within the portfolio. These hedges remain in place.

INVESTMENT RETURNS

The CREWS funds are invested in accordance with the investment strategy established for all of the trust funds administered by the World Bank. The CREWS funds are invested in a short term fixed income portfolio with an investment horizon of one year. The CREWS Trust Fund portfolio (which totaled approximately USD 3.21 million at end-September 2017) has earned approximately USD 0.12 million in investment income since inception.



4. Cumulative Funding Decisions

In USD millions

| <u>Projects</u> | <u>Implementing Partner</u> | <u>as of September 30, 2017</u> |
|-------------------------------------|-----------------------------|---------------------------------|
| Burkina Faso | WMO | 1.94 |
| Congo, DR | IBRD | 2.51 |
| | WMO | 0.26 |
| Pacific Islands | WMO | 2.18 |
| Mali | IBRD | 2.78 |
| | WMO | 0.22 |
| Niger | IBRD | 2.24 |
| | WMO | 0.22 |
| Global | WMO | 0.28 |
| | | 12.62 |
| <u>Fees</u> | | |
| IBRD | | 0.84 |
| WMO | | 0.72 |
| | | 1.56 |
| <u>Administrative Budget</u> | | |
| Secretariat a/ | | 1.18 |
| Trustee | | 0.25 |
| | | 1.43 |
| Total Funding Decisions | | 15.60 |

a/ includes support from Implementing Partners, provided through staff secondments

Note: sub-totals may not add up due to rounding



5. Funds Available

In USD millions

| | As of September 30, 2017 (a) | As of July 31, 2017 (b) | Change since last report (a) - (b) |
|---|------------------------------------|-------------------------------|---------------------------------------|
| 1. Cumulative Receipts | 17.75 | 16.60 | 1.15 |
| a. Cash receipts from Contributors | 17.63 | 16.51 | 1.13 |
| b. Investment Income earned | 0.12 | 0.09 | 0.03 |
| 2. Cumulative Cash Transfers | 14.54 | 8.68 | 5.86 |
| a. Projects | 11.92 | 7.17 | 4.75 |
| b. Fees | 1.41 | 0.89 | 0.53 |
| c. Administrative Budget | 1.21 | 0.62 | 0.58 |
| 3. Funds Held in Trust (3 = 1 - 2) | 3.21 | 7.93 | (4.71) |
| 4. Funding Decisions Pending Cash Transfer | 1.06 | 6.94 | (5.87) |
| 5. Funds available to support Steering Committee decisions (5 = 3 - 4) | 2.15 | 0.99 | 1.16 |

Note: sub-totals may not add up due to rounding



Glossary

| Term | Definition |
|--------|---|
| IBRD | International Bank for Reconstruction and Development |
| IP | Implementing Partner |
| UNISDR | United Nations Office for Disaster Risk Reduction |
| WMO | World Meteorological Organization |